London, April 22, 2010

Wulf D. v. Lucius

Licensing of Digital Content to Intermediaries
A Case Study: PaperC
Publishers‘ Markets

Individuals
(Fiction readers, Children, Students, Professionals)

Institutions
(Enterprises, governing bodies, Universities / Libraries)

Gutenberg world: no fundamental differences in serving both markets

Digital world: fundamental differences between the two customers groups in expectations and behaviour

Relevant for stm

Students Professionals

Universities / Libraries

B to C

B to B
B to B readiness to pay for content (libraries, industry, law firms etc.)

**problem:** OA demands

B to C free lunch mentality (e.g. students)

**chance:** limited readiness to pay for comfort

the long standing slogan

content is king ?

is now questionable
Content is facing an unprecedented deterioration of value

Selling sheer content is presumably not a model for the future

Frank Lyman from Course Smart states:
“I like to point out to people that college textbooks are really the last print-dominated media business.”
There is a tendency of "continued fragmentation in how people read textbooks" (Eric Frank, Flat World Knowledge)

PaperC offers an answer to this user‘s attitude:

- PaperC is selling pages instead of books
- PaperC is collecting mini-payments

whereas the B to B business of publishers is concentrated on bundles
Is such a strategy promising under the aspect of revenues?

- Working with **books** did not necessarily mean to buy them, but to read in the library and xerox selected pages
- Working with **digital material** can be organized similar: reading for free, paying for downloads
This is the approach of PaperC:

The money so long spent for xeroxes should be the income for charged downloads, not for the complete content, but for parts of it.

The vision: „every student pays“:

If every student pays for parts, this can be more than the revenue from sales of complete books to only some 20% of all students.
PaperC is a model based on content licensed by publishers.

PaperC is a model against illegal file sharing.

PaperC tries to combine cost free reading with creation of income by special features.
• The creators of PaperC are representing our clients, the students

• The model is developed in consideration of the mental attitude of young students:
  – all their work should be possible at the PC
  – reading should be for free, since millions of pages are anyhow (illegally) cost-free available in the internet
  – comfort and time efficiency is worth to be paid.
“PaperC could be a real gamechanger”

Techcrunch Europe

German Startup of the Year 2009
PaperC is an online platform where users can read specialist books, including academic, reference and technical texts, **free from A to Z**.

Additional functions such as downloading and printing are available for a **per-page-fee**. Users are willing to pay for these premium functions.

With this business model, PaperC has convinced **numerous academic publishers** from Germany to offer their content online for free.
PaperC's Freemium Business Model

FREE
- Reading of all books is free from A to Z
- Premium functions are free for Open Access and CC-licensed content

PREMIUM
- € 0.10 per page
- Download + print
- Copy text with citations
- Highlight text
- Work with and share notes

Publishers get a revenue share

ADDITIONAL INCOME
PaperC promotes print books via online shops
SCREENSHOTS
Welcome to the online platform for freely accessible specialist books

FREE
- Read books from A to Z
- Extended – for only 10 cents a page
- Download and print pages
- Copy and cite text easily
- Add own notes and manage them online

User must login to access books
PaperC Sample (2 – Search Results)

Open list of page hits to view search results within a single book.
### PaperC Sample (4 – Charge Credit for Premium Functions)

1. Select the amount of credit you wish to charge
2. Add billing details
3. Select your favourite payment method (credit card, SMS, paypal ...)

<table>
<thead>
<tr>
<th>Number of Pages</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 pages</td>
<td>€0.99</td>
</tr>
<tr>
<td>100 pages</td>
<td>€4.99</td>
</tr>
</tbody>
</table>

**Billing Address**
- First name: Felix
- Surname: Hofmann
- Address: Frankfurter Allee
- ZIP: 10247
- City: Berlin

**Summary**
- Credit of 10 pages: €0.99
- 19% VAT: €0.16

**Choose Payment Method**
- Secure payment by credit card.
- The connection is encrypted.

Pay by credit card: €0.99
Highlight an important excerpt

Copy text and paste the quotation with source specification

To enable premium tools, you can buy the page for € 0.10
Add own remarks as annotations to the document

Use colours and tags to organize your notes
Add your notes and citations to the PDF

Export assorted pages or complete book as PDF file
Update your notes and citations inside the PDF file

Save your document on hard disc or print it on paper
PaperC Sample (9 – My Library)

Search your personal notes, citations and books

Find all your books in your book list

Click on tag to find all content related to the term
PAPERC
DEVELOPMENT
Content Development

**Alpha**
- From Oct 08
- 120 Books
- Business

**Closed Beta**
- From Mar 09
- 1000 Books
- Business, Social Science, IT

**Open Beta**
- Since Sep 09
- 4000+ Books
- Business, Social Science, IT, Medicine, ...

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Beyond Books, London, April 22nd, 2010
PaperC Progress

PAPERC TO DATE

- 37k Users
- 500 New users/day
- 30 Publishers

Start: Open Beta
Conclusion

• PaperC is a concept from the side of users. Its aim is to improve user‘s comfort according his habits.

• The start was in late 2009. A broad and long lasting success will depend on
  – acquisition of a big corpus of textbooks and monographs (possibly only in certain academic fields)
  – motivation of big numbers of users as permanent clients
From a publisher‘s perspective

1. PaperC is a service partner, who totally bases his business on licences („a model against file sharing“): no cost for publishers, just revenues

2. The economic outcome for publishers is open. Practical experience has to prove
   a) will the income from PaperC be additonal (e.g. coming from readers, who normally would not buy the book) Market expansion
   or
   b) will PaperC be an instrument of substitution (hurting our textbook sales in print) Cannibalisation

• My position is: it‘s worth to make the test – there are hints a) may be realistic
Thank for your attention!